

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2020-205-C - ORDER NO. 2020-762
DECEMBER 16, 2020

IN RE: Joint Application for Approval of Internal)	ORDER APPROVING
Corporate Restructuring Involving Merger of)	CORPORATE
Chesnee Long Distance, Incorporated into)	RESTRUCTURING
Chesnee Cable, Incorporated, both d/b/a)	INVOLVING MERGER
Chesnee Communications, and for Transfer of)	AND TRANSFER OF
Certificate of Public Convenience and)	CERTIFICATE
Necessity)	

This matter comes before the Public Service Commission of South Carolina (the “Commission”) upon the Joint Application of Chesnee Long Distance, Inc. (“Chesnee LD”) and Chesnee Cable, Inc. (“Chesnee Cable”), both d/b/a Chesnee Communications (collectively, the “Applicants”), pursuant to S.C. Code Ann. §§ 58-9-310, 58-9-280(B), and applicable regulations of the Commission, for approval of an internal corporate restructuring involving the merger of Chesnee LD into Chesnee Cable and the resulting transfer of the Certificate of Public Convenience and Necessity (“CPCN”) held by Chesnee LD to Chesnee Cable.

For the reasons explained in this Order, the Commission concludes that the Application is consistent with the public interest, and that the internal corporate restructuring involving the merger of Chesnee LD into Chesnee Cable, and the transfer of Chesnee LD’s CPCN to Chesnee Cable, should be approved.

BACKGROUND

The Application in this matter is supported by the verified testimony of Cindy Rothstein. The Applicants were represented by M. John Bowen, Jr., Esquire, and Margaret M. Fox, Esquire. The Office of Regulatory Staff (“ORS”) was represented by Jeffrey M. Nelson, Esquire.

As directed by the Commission, notice of the filing of the Application was published and proof of publication provided to the Commission on September 30, 2020. No Petitions to Intervene were filed in this matter. ORS is a party pursuant to statute.

On October 16, 2020, ORS filed a letter stating that it has reviewed the Application and filings and believes granting the Application is consistent with the public interest. ORS further stated that it did not intend to file testimony or to attend the hearing scheduled in this matter.

On October 21, 2020, the Applicants filed a Motion for Expedited Review, requesting that the Commission grant expedited consideration of the Application, and approve the Application. Having considered the record before it, the Commission finds that the record is sufficient to make a final determination in this matter and that the interests of judicial economy are served by waiving the hearing and granting expedited review. We note that all interested parties have had an opportunity to intervene and to be heard in this matter.

ANALYSIS

Chesnee LD is a South Carolina corporation that holds a Certificate of Public Convenience and Necessity, granted by this Commission by Order No. 1999-620 in Docket

No. 1999-307-C, to provide interexchange telecommunications services within the State of South Carolina and granting alternative regulation of its service offerings.

Chesnee Cable is a South Carolina corporation that provides digital cable television services in Cherokee and Spartanburg counties in South Carolina. Chesnee Cable was incorporated in 1996.

Both Chesnee LD and Chesnee Cable are wholly owned subsidiaries of Chesnee Telephone Company, Incorporated d/b/a Chesnee Communications (“Chesnee Tel”). Chesnee Tel is a wholly owned subsidiary of SkyLine Telephone Membership Corporation (“SkyLine”). Chesnee LD and Chesnee Cable share common management, employees and office facilities.

As part of a larger corporate restructuring, Chesnee LD will merge into Chesnee Cable, with Chesnee Cable being the surviving entity. Chesnee Cable will remain a wholly owned subsidiary of Chesnee Tel.¹ As the surviving entity, Chesnee Cable will automatically assume the assets and liabilities of Chesnee LD. Diagrams showing the current and proposed corporate structure are attached hereto as **Exhibit 1**.²

The corporate restructuring is *pro forma* in nature, and the newly merged entity will continue to provide the same services as previously provided by Chesnee LD, utilizing the same facilities and employees. Chesnee LD and Chesnee Cable have both been doing

¹ As part of the larger reorganization, Chesnee Tel will move from being a direct subsidiary of SkyLine to become a subsidiary of SkyBest Communications, Inc., a wholly owned subsidiary of SkyLine. This change will be at the holding company level only and will be transparent to Chesnee Tel’s customers.

² As part of the larger reorganization, Chesnee Digital, Inc., SkyBest Holding, LLC, and LTC Holding, Inc. will be dissolved. Chesnee Digital, Inc. is a South Carolina corporation that is not regulated by the Commission and has no assets. The other two entities do not do business in South Carolina.

business as Chesnee Communications, and customers will see no changes on their bills. The restructuring will be transparent to Chesnee LD's customers, and there will be no change in the rates and other terms and conditions of the services available to customers.

In addition to approval of the merger, Applicants ask the Commission to approve the transfer of Chesnee LD's CPCN to Chesnee Cable, including the authority to operate under alternative regulation. As stated above, Chesnee LD and Chesnee Cable share common management, employees and office facilities, and they are both wholly owned subsidiaries of Chesnee Tel. Therefore, we find that Chesnee Cable has the same technical, financial, and managerial resources available to it that Chesnee LD has. The Commission previously found that Chesnee LD's technical, financial, and managerial resources were sufficient to provide the services covered by its CPCN. *See* Commission Order No. 1999-620, at p. 4. Chesnee LD has been providing interexchange telecommunications services in the State of South Carolina for over twenty years.

Ms. Rothstein's verified testimony demonstrates that the service Chesnee Cable will provide is the same service that Chesnee LD currently is providing, using the same facilities and employees; that the service Chesnee Cable will provide will meet all service standards that the Commission may adopt; and that the provision of service by Chesnee Cable will not adversely impact the availability of affordable local exchange service. Ms. Rothstein further testified that Chesnee Cable will participate in the support of universally available telephone service at affordable rates to the extent it may be required to do so by the Commission, and that the provision of service by Chesnee Cable will not otherwise adversely impact the public interest.

As part of the transaction, Chesnee LD customers will become customers of Chesnee Cable. This change will be transparent to customers, as they will continue to receive the same service, under the same terms and conditions, using the same facilities and employees as before the transaction. Additionally, because both Chesnee LD and Chesnee Cable do business as “Chesnee Communications,” customers will not see a change in the name of their service provider. Therefore, it is appropriate to waive, to the extent necessary, any state requirements regarding a change in service providers. The Federal Communications Commission (“FCC”) has established a streamlined notification process for the sale or transfer of customer bases from one carrier to another,³ and has stated that even this streamlined process does not apply in situations where a corporate restructure is invisible to the affected subscribers.⁴ As the FCC stated, “in such cases, requiring notice of a change that is imperceptible to the affected subscribers might cause confusion where there would otherwise be none.”⁵ The Commission follows guidelines approved by the FCC with respect to changes in utility providers. *See* S.C. Code Ann. § 58-3-230. We find that notice is not required in this case, as it would only serve to confuse customers and disrupt the seamless transition of service.

³ *See* 47 C.F.R. § 64.1120.

⁴ *See* In the Matter of 2000 Biennial Review – Review of Policies and Rules Concerning Unauthorized Changes of Consumers Long Distance Carriers, First Report and Order in CC Docket No. 00-257 and Fourth Report and Order in CC Docket No. 94-129, FCC 01-156 (rel. May 15, 2001), at para. 13.

⁵ *Id.* at para. 13, fn 24.

FINDINGS AND CONCLUSIONS

1. The internal corporate restructuring described herein, involving the merger of Chesnee LD into Chesnee Cable and the transfer of Chesnee LD's CPCN to Chesnee Cable, is consistent with the public interest, because it will eliminate unnecessary administrative processes and reduce administrative costs, permitting additional resources to be devoted to meeting the demands of consumers.

2. The corporate reorganization is *pro forma* and will be seamless to customers.

3. The transfer of Chesnee LD's CPCN to Chesnee Cable will be transparent to customers, because both entities currently do business as Chesnee Communications, and Chesnee Cable will provide the same services, upon the same rates, terms, and conditions, as those provided by Chesnee LD. Therefore, to the extent they may apply, it is appropriate to waive any state requirements regarding a change in service providers, including customer notice.

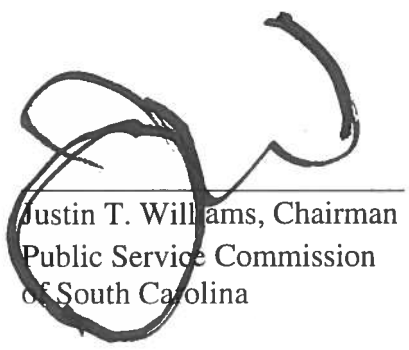
4. Having examined the testimony and record in this case, we find and conclude that no customer will be adversely affected by the transaction.

5. Chesnee Cable has demonstrated that it meets all statutory requirements to hold a CPCN, and the transfer of Chesnee LD's CPCN to Chesnee Cable is consistent with the public interest.

IT IS THEREFORE ORDERED THAT:

1. The verified testimony of Cindy Rothstein is accepted into the record without objection.
2. The Applicants' Motion for Expedited Review is granted.
3. The internal corporate restructure, as described in the Application, involving the merger of Chesnee LD into Chesnee Cable, and the transfer of Chesnee LD's CPCN to Chesnee Cable, is hereby approved.
4. Chesnee Cable is to notify the Commission upon completion of the transaction
5. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission
of South Carolina

